

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

LR No.: 1451-02
Bill No.: SB 567
Subject: Sewer Districts: Organization
Type: Original
Date: March 7, 2003

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Total Estimated Net Effect on Other State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials of the **Office of Secretary of State** - Administrative Rules assumes there could be some cost associated with the publication of rules and regulations in the Missouri Register, and/or Code of State Regulations. Officials could not estimate the amount of cost.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

Officials of the **Office of State Court Administrator** assumes no fiscal impact to the State Courts.

Officials of the **Department of Natural Resources** assumes this proposal is procedural and would have no fiscal impact to the DNR.

Officials of the **Platte County Planning and Zoning Commission** assume there would be no

ASSUMPTION (continued)

fiscal impact to Platte County.

Officials of the **Cass County Commission** assume no fiscal impact.

Oversight assumes this proposal is procedural and political subdivisions would have no fiscal impact without action either by the people through the petition process, or by action of the governing body. A court order with voter approval would be required. Oversight assumes this proposal is permissive and for purposes of this fiscal note assumes no fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

This act simplifies the operations for formation and operation of sewer districts. The act provides the procedural requirements for the new formation of a reorganized common sewer district and the conversion of a current sewer district to a reorganized sewer district.

CREATION OF A NEW REORGANIZED COMMON SEWER DISTRICT - In order to create a new reorganized common sewer district, a petition is filed with the Circuit Court. Upon the filing of the petition the clerk of the court shall give notice of the filing in a newspaper of general circulation in all counties which contain property within the boundaries of the proposed reorganized sewer district. Specific notice and procedural requirements are specified.

Exceptions to the formation of the district may be filed not less than five days prior to the

hearing on the petition by any voter or property owner in the proposed district. If the court finds that the

DESCRIPTION (continued)

formation of the district is not in the public interest, the matter will be dismissed at the costs of the petitioners. If the court finds in favor of the formation of the district the court shall enter a decree of incorporation and shall appoint five voters from the district as the first board of trustees with staggered terms of one to five years.

The decree in incorporation shall not be final until approved by 2/3 of the voters in the district. Costs incurred in forming the district shall be taxed to the district. If the petitioners seeking formation specify that the organization is without the authority to issue general obligation bonds, the order shall set forth those conditions and the decree of incorporation must only be approved by a simple majority of voters in the district.

The method for expansion of the boundaries of the reorganized district are specified. Property owners with land contiguous or reasonably close to a reorganized district may petition the Board of Trustees to become part of the reorganized district.

The Board of Trustees may petition the Circuit Court for an amended decree of incorporation to allow the district to engage in the construction, maintenance and operation of water supply and distribution facilities which serve ten or more separate properties in the district, if the properties meet certain criteria.

ESTABLISHMENT OF A REORGANIZED COMMON SEWER DISTRICT FROM AN EXISTING COMMON SEWER DISTRICT - In order to establish an existing sewer district into a reorganized common sewer district a petition may be filed with the circuit court after the governing body of the district has made a determination that the reorganization is in the best interest of the district. The petition shall specify whether the board of trustees will be appointed by the governing body of the county or elected by the voters of the district. Procedural and notice requirements are provided.

Exceptions to the formation of the district may be filed not less than five days prior to the hearing on the petition by any voter or property owner in the proposed district. If the court finds in favor of the formation of the district the court shall enter a decree of incorporation.

The Bonded indebtedness and security interests of creditors of any common sewer district which converts to a reorganized common sewer district shall not be affected by the conversion. Reorganized common sewer districts shall have exclusive jurisdiction and authority to provide wastewater collection and treatment services within the boundaries of the district. A reorganized

common sewer district shall be considered a political subdivision of the state. All courts of the state are required to take judicial notice of the existence of the reorganized common sewer district.

DESCRIPTION (continued)

The Board of Trustees for the reorganized common sewer district shall consist of five members who must be a voter and have resided within the boundaries of the district for at least one year. Trustees must be at least 25 and not be delinquent in payment of taxes at the time of election or appointment. The presiding officer shall be an additional member in the event that the district extends into more than one county. Trustees shall not be compensated. The Board of Trustees may hire necessary staff. All Trustees after the initial Trustees appointed by the court will be elected.

PROVISIONS RELATING TO REORGANIZED COMMON SEWER DISTRICTS - The Board of Trustees shall have no power to levy or collect taxes or issue general obligation bonds unless authorized by the voters. The total amount of general obligation bonds shall not exceed 10% of the assessed valuation of all taxable tangible property located in the district. Specifications for issuance of the bonds are provided. Powers and duties of the Board of Trustees are specified.

Any person who knowingly makes false statements in any filing with the district or falsifies or tampers with a monitoring device shall be fined \$1,000 per violation per day. In the event of a second violation the fine shall be \$3,000 per violation per day. Third and subsequent violations shall be punishable by a Class D felony.

The Board of Trustees may acquire property by purchase, gift or condemnation or may lease or rent any real or personal property. In order to condemn property the procedures provided in Chapter 523, RSMo, must be followed.

All projects which exceed \$25,000 in expense must be awarded to the lowest bidder. The act provides how costs of acquiring, constructing, improving, or extending a sewerage system shall be met.

A reorganized common sewer district may issue general or special revenue bonds if the decree of incorporation allows the sewer district to issue bonds. Specific requirements of the bonds are specified. Certain duties for a reorganized common sewer district which issues bonds are specified.

The Board of Trustees may apply for and accept grants, funds materials or labor from the state and federal government in the construction of a sewerage system.

SANITARY SEWER IMPROVEMENT AREA ACT - The act also allows for the creation of sanitary sewer improvement areas and allows the Board of Trustees to incur indebtedness and issue temporary notes and general or special revenue bonds to pay for such. The district will impose assessment and may impose user fees on the property benefitted by the improvement

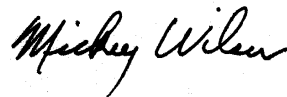
DESCRIPTION (continued)

project and the act provides the method for the assessment or imposition of user fees. The procedure for the establishment of a sanitary sewer improvement area is specified.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Natural Resources
Office of State Courts Administrator
Secretary of State
Platte County - Planning and Zoning Commission
Cass County Commission



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Director
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